



Montgomery County Council

From the Office of Councilmember Phil Andrews

For Immediate Release

April 20, 2004

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COUNCILMEMBER ANDREWS CALLS FOR \$21 MILLION PROPERTY TAX CUT

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"I'm Phil Andrews, County Councilmember from District 3; I chair the Public Safety Committee and serve on the Management and Fiscal Policy Committee, which has jurisdiction over fiscal and tax policy. Joining me today are former County Executive Neal Potter and Marvin Weinman, president of the Montgomery County Taxpayers League.

"The time has come for property tax relief. Montgomery County homeowners, especially senior homeowners on fixed incomes, are getting clobbered by dramatically higher assessments and by last year's increase of 60% in the state property tax rate.

"Each year, one-third of county homes are assessed by the state. In 2002, assessments increased an average of 47%. In 2003, assessments increased an average of 55%. In 2004, we can expect assessments to increase by at least a similar percentage.

"That's why, if the Council keeps property tax rates constant, most homeowners will see their property tax bill double in the next seven years ---that's right double. Property tax bills that are \$3,000 a year now will double to \$6,000 a year in 2011 – unless the County Council reduces the property tax rate.

"The County Executive's fiscal plan, reviewed by the MFP Committee last Thursday, is based on the assumption of constant property tax rates for years to come. It would require the Council to annually muster seven votes to override the charter limit on property tax revenues in order to allow 10% increases in
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people's property tax bills each year for years to come. That isn't going to happen. Nor should it. Homeowners are rightly insisting on property tax relief now.

"This morning I introduced a resolution that will provide \$21.6 million in property tax relief next year by cutting the property tax rate by 2 cents, about 2%. This would move the Council about halfway to the charter limit, which would require a reduction of 4.5 cents in the property tax rate. The \$21.6 million in reduced property tax revenue would be replaced in FY 05 by raising the energy tax. The energy tax increase would not take effect unless the Council provides property tax relief by reducing the property tax rate by 2 cents.

"If the Council adopts this resolution, a homeowner with a property assessed at \$300,000, about the average, would save \$60 on their property tax bill and pay only about \$19 more in energy tax. The reason for the new savings for homeowners is because the energy tax is much more broad-based, applying for example to federal facilities.

"A distinguishing feature of the energy tax compared to the property tax is that homeowners can control, to some extent, the amount of energy they use, and can reduce their bills through energy conservation. In contrast, the property tax is a fixed once the Council sets the rate.

"Providing property tax relief is both necessary and affordable. Homeowners need a break on their escalating property taxes. The Council needs to respond."

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